



800 Boylston Street Boston, Massachusetts 02199

JOHN COPE-FLANAGAN
NSTAR Services Company
Assistant General Counsel
Direct Dial: (617) 424-3802
Telecopier: (617) 424-2733
John_Cope-Flanagan@nstaronline.com

February 14, 2001

Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

Attention: Mary L. Cottrell, Secretary

Re: Commonwealth Gas Company – Interim Seasonal Cost of Gas Adjustment; D.T.E. 01-14

Dear Madam Secretary:

In accordance with the requirements of the Order of the Department of Telecommunications and Energy (the "Department") in this docket, dated January 31, 2001, Commonwealth Gas Company, d/b/a NSTAR Gas ("NSTAR Gas" or the "Company") hereby reports to the Department on actions taken by NSTAR Gas to inform customers of measures available that could lessen the effect of the recent increase in the Company's Gas Adjustment Factor. Bay State Gas Company et al., D.T.E. 01-09, *et al.* (2001) (the "Gas Adjustment Order"). NSTAR Gas utilized multiple, integrated messages to inform its customers of the availability of: the Company's energy efficiency programs, energy-savings ideas, government-funded fuel assistance program, the Good Neighbor Energy Fund, the Company's discount rates, and the Company's budget billing program. In addition to our external communications efforts, NSTAR Gas also implemented internal measures to ensure that Company personnel will provide effective information to our customers.

External Communications Actions

Bill Insert

An informational notice is currently being mailed to each customer as an insert to his or her monthly bill. This insert provides information regarding: the reasons for the increase in the cost of gas; the availability of the Company's budget billing

plan; the availability of a personal payment plan with the Company; eligibility for the government-funded fuel assistance program; the availability of the Good Neighbor Energy Fund; eligibility for the Company's discount rates; simple energy-savings ideas; and the Commonwealth of Massachusetts winter heating hotline. A copy of this bill insert is included as Attachment 1.

Bill Message

Included on February 2001 bills to customers is a message that: (i) explains the increase in the cost of gas and (ii) reminds customers that April 30, 2001 is the deadline to apply for fuel assistance.

NSTAR Website

Through NSTAR's website (nstaronline.com), customers can connect through the "Your Home" banner to obtain information (for both gas and electric) on our energy efficiency programs. With a further connection through "Customer Services" and "Financial Assistance," the customer can obtain information on the eligibility for the Company's discount rates, the availability for fuel assistance funding (with a listing of participating Community Action Programs), the availability of the Good Neighbor Energy Fund (with a link to the Good Neighbor newsletter), and the availability of the Company's payment plans.

Media Relations

NSTAR is currently running ads promoting energy efficiency on Boston radio station WBZ. In March, those messages will be integrated into a larger radio advertising campaign covering Boston, New Bedford, and Cape Cod. Also, NSTAR's media relations representatives have conducted numerous interviews with local print, radio, and television media to promote energy efficiency. A few examples include: a story on Boston television station Channel 7; a story that ran on cable television in Worcester and New Bedford; and a story by the Washington Post News Service, which is picked up by over 250 newspapers nationally, including several local newspapers.

Community Relations

NSTAR's community relations representatives have met with government and business officials to discuss the increase in natural gas increases, and to discuss the measures described above that could help lessen the impact of these increases.

Customer Meetings

NSTAR Gas's account executives have continued their ongoing meetings with commercial and industrial customers to explain gas prices and the Company's energy efficiency programs.

Internal Actions

Training

All of NSTAR'S customer service representatives have received refresher training on the following topics:

- the reasons for the increase in gas costs
- the Company's energy efficiency programs
- the Company's guidelines for budget billing and personal payment plans
- fuel assistance grant limits, applications deadlines, and application procedures
- the contents of the Department's Gas Adjustment Order
- the expanded winter moratorium rules
- the expanded financial hardship limits - raised to 200 % of the federal income poverty guidelines

Systems Changes

NSTAR Gas has changed its billing system parameters to allow for the current enrollment of customers into its budget billing program. NSTAR Gas also has revised its credit and collections system to not schedule shut-offs for non-payment until May 1, 2001 or later.

Internal Communications

NSTAR's daily internal employee publication has included numerous stories regarding the overall topic of the increase in gas costs and has provided information concerning fuel assistance and energy efficiency programs.

Energy Efficiency Programs

Because of the importance of energy efficiency programs in helping customers control energy costs, we think that it is important to highlight the plan utilized by NSTAR Gas to market and promote its energy efficiency programs. The Company's programs are marketed via several promotional venues such as bill messages and inserts, program brochures, the websites of NSTAR and the Natural Gas Collaborative ("GasNetworks"), targeted direct mail, outreach by the Company's customer service representatives, and outreach to low-income customers. The Company's programs have been designed in collaboration with several other entities such as the GasNetworks, local electric utilities, the Northeast Energy Efficiency Partnership, the Department of Energy, and the Environmental Protection Agency.

NSTAR Gas has designed the following targeted marketing initiatives for each energy efficiency initiative:

ECS Home Energy Survey

Marketing efforts include:

- A program announcement is mailed annually to each customer as an insert to monthly bills
- Encourage participation and awareness using bill messages and the NSTAR website
- Call center representatives are trained to refer customers to this program when trying to help them with their energy-related concerns

Residential High Efficiency Heating & Water Heating Rebate Program

Marketing efforts include:

- Offer training and trade ally activities for plumbing and heating professionals through NSTAR-specific events as well as those offered through GasNetworks
- Encourage participation and awareness through joint regional marketing (e.g., Energy Star Homes Programs)

Residential Energy Star® Homes Program

Marketing efforts include:

- Participate in home builder and home buyer seminars

- Solicit participation through regionally sponsored training sessions geared for new construction market contractors
- Conduct outreach efforts, such as face-to-face contact with builders/contractors
- Encourage participation and awareness through joint electric/gas Energy Star Homes regional marketing plan

Residential Low-Income Program

Marketing efforts include:

- Encourage and facilitate low-income agency outreach through direct mail and telephone contact with eligible customers
- Provide internal training for customer service representatives pertaining to low-income energy efficiency programs and other assistance programs available to this population
- Participate in outreach work groups, consisting of local utilities and the low-income network, to ensure program awareness among all qualifying customers

Commercial High Efficiency Heating & Water Heating Rebate Program

Marketing efforts include:

- Sponsor trade ally events to market programs to consumers via the contractor network
- Participate in GasNetworks training seminars for plumbing and heating professionals

Infrared Rebate Program

Marketing efforts include:

- Natural gas, low intensity infrared heating units legally sold and installed in NSTAR Gas territory
- Sponsor both NSTAR-specific and regional events to market programs to consumers via the contractor network
- Distribute case studies and other pertinent literature to customers that demonstrate the energy efficiency benefits of low intensity infrared heating

Custom Program

Marketing efforts include:

- Target customers in certain customer classes where the “new technology” could be applied (e.g. medium-sized customers) through distribution of case studies or customer success stories in trade ally newsletters and publications
- Employ extensive one-on-one and group contact with potential customers and trade allies
- Utilize relationships with equipment and installation vendors cultivated through previous Energy Efficiency Program implementation
- Distribute case studies and other pertinent literature to customers that demonstrate the energy efficiency benefits of low intensity infrared heating

Building O&M Training

Marketing efforts include:

- Promote the program through extensive one-on-one and group contact with customers
- Sponsor educational and training events

Code Support

Marketing efforts include:

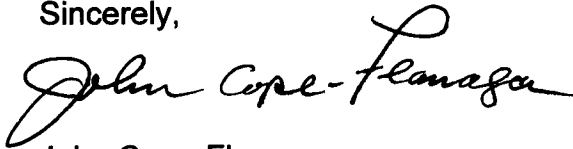
- Support marketing and training initiatives sponsored by the Board of Building Regulation and Standards
- Offer NSTAR-sponsored and regional educational and training events

As evidenced by the activities outlined above, NSTAR is and will continue to be dedicated to ensuring that customers and energy efficiency allies are aware of its energy-efficiency programs.

Mary L. Cottrell
D.T.E. 01-14
February 14, 2001
Page 7

NSTAR Gas is pleased to take this opportunity to report to the Department on its efforts to communicate with its customers regarding the actions and measures that are available to lessen the impact of the recent increase in gas costs. If you have any questions regarding this information, please contact me.

Sincerely,

A handwritten signature in black ink, reading "John Cope-Flanagan". The signature is fluid and cursive, with the first name "John" being more prominent and the last name "Flanagan" written in a continuous script.

John Cope-Flanagan

Attachment

cc: Andrew Kaplan, Hearing Officer
Claudine Langlois, Director, Consumer Division
George Yiankos, Director, Gas Division
Service List D.T.E. 01-09, *Et Al.*
John Grugan, Assistant Attorney General
Robert Sydney, Division of Energy Resources
Judith Silvia, Associated Industries of Massachusetts

GOOD NEIGHBOR ENERGY FUND

This fund helps customers pay their winter heat bills - especially those in financial crisis who may not qualify for other means of fuel assistance. For more information, please call the Salvation Army at **1-800-334-3047**.

DISCOUNT RATES

We provide discount rates for customers who receive means-tested government benefits such as Transitional Assistance, Food Stamps, SSI benefits, Fuel Assistance or the Senior Pharmacy program. If you qualify for those types of programs and your household income falls below 175% of the Federal Poverty Income Guidelines, call us at **1-800-572-9300** to apply for the Discount Rate.

COMMONWEALTH OF MASSACHUSETTS WINTER HEATING HOTLINE

Questions about winter heating? Call toll free **1-866-ENERGY7** for tips on conservation, being a smart consumer and information about state assistance programs.

ENERGY-SAVING IDEAS

- Keep shades and curtains open on sunny days and closed on cloudy days and evenings.
- Dust or vacuum baseboards and radiators.
- Close the fireplace chimney damper when not in use.
- Lower the thermostat at night or when no one is home.
- Regularly replace furnace filters.

Call NSTAR Gas at **1-800-654-5833** for an energy audit with specific tips to save money in your home.

IMPORTANT NOTICE

ABOUT WINTER HEATING BILLS

To Our Customers:

The recent dramatic rise in the cost of home heating fuels, including natural gas, has greatly concerned NSTAR Gas. Because of our long history of serving your community, NSTAR Gas (formerly ComGas), understands that this unprecedented rise in costs places a heavy burden on every customer, particularly those with moderate incomes. (continued on the inside)



It is important to note that NSTAR Gas does not control the prices charged by our gas suppliers - they are set by the competitive wholesale market. Below normal temperatures throughout the country and high oil prices have increased demand and prices for natural gas. **The price we pay for natural gas is the same as our customers pay.** We make no profit from the purchase of natural gas for our customers.

Because prices have risen so quickly, we had to pay much more for gas in December and January than we billed our customers. The increase you see in your bills is designed to recover the current cost of gas as well as, over time, what we have already spent to purchase gas. NSTAR Gas continues to be your distribution company, delivering natural gas to your home or business. Our delivery charges have not increased in more than 9 years.

To help make paying gas bills more manageable for our customers, NSTAR Gas is extending the sign up period for our budget plan and making payment plans available for any customers who have difficulty paying their bill. Here are some options for controlling your gas costs this winter:

BUDGET BILLING PLAN TO EVEN OUT YOUR BILLS

Spread your payments evenly from now through August and avoid the highest bills during the coldest months by signing up for our budget billing plan. Your gas costs will be spread over the six remaining months of the budget season.

Call **1-800-572-9300** or go to www.nstaronline.com.

law provides heating customers certain protections from shut off through March 15. We will voluntarily extend those protections to May 1. If you call and make a payment plan with us, and honor the terms of the plan, we will not shut off your service.

Here's how a payment plan works. Let's say your bills average \$250 per month in December, January and February and you find you now have an outstanding balance of \$500 that you cannot pay all at once. We can spread that balance over several months for you. Two examples of a five-month payment plan would be:

- You could pay \$100 per month towards your outstanding balance in addition to your current bill starting with your March bill. Your account would then be current going into the next heating season.
- We can estimate what your gas costs would be for the next five months, add in your outstanding balance, and divide that into five equal monthly payments. This way your account should be current by the next heating season, and you would know exactly what you are expected to pay each month.

To set up a payment plan, please call our credit departments:

1-800-545-3111 (Metrowest and Cambridge areas)

1-800-642-7050 (Southeastern Massachusetts).

FUEL ASSISTANCE PROGRAM

If your gross income is below 200 percent of the Federal